

SENATE BILL REPORT

SB 5274

As Amended by House, April 7, 2017

Title: An act relating to defining salary for purposes of the Washington state patrol retirement system.

Brief Description: Defining salary for purposes of the Washington state patrol retirement system.

Sponsors: Senators Conway, Bailey, Schoesler and Hobbs; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 2/20/17, 2/21/17 [DP-TRAN].
Transportation: 2/23/17, 2/23/17 [DP].

Floor Activity:

Passed Senate: 3/01/17, 49-0.
Passed House: 4/07/17, 96-0.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Restores certain voluntary overtime earned after July 1, 2017, to the definition of salary in the Washington State Patrol Retirement System.
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SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass and be referred to Committee on Transportation.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Ranker, Ranking Minority Member; Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Bailey, Becker, Billig, Carlyle, Conway, Darneille, Fain, Hasegawa, Keiser, Miloscia, Padden, Pedersen, Rivers, Schoesler, Warnick and Zeiger.

Staff: Amanda Cecil (786-7460)

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Signed by Senators King, Chair; Hobbs, Ranking Minority Member; Lias, Assistant Ranking Minority Member; Cleveland, Ericksen, Fortunato, Hawkins, O'Ban, Saldaña, Takko, Van De Wege, Walsh and Wilson.

Staff: Kellee Keegan (786-7429)

Background: The Washington State Patrol Retirement System (WSPRS) covers all commissioned officers of the Washington State Patrol (WSP). Members of the WSPRS may retire at age 55 or after 25 years of service at any age. There are two tiers of benefits in WSPRS: Plan 1, which was closed on December 31, 2002, and Plan 2, which has covered all fully commissioned officers of the WSP that received their commissions after that date.

In 1999, the Joint Legislative Audit and Review Committee conducted a performance audit of the Washington State Patrol. Included within it was a review of overtime worked by WSP officers, and the impact of that overtime on WSPRS pensions. The study found that during fiscal years 1997 and 1998 the average current trooper and sergeant worked 121 hours of overtime per year. Twenty-three commissioned retirees who retired between July 1, 1996, and March 30, 1998, worked an estimated average of 172 hours of overtime per year during the last 24 months of employment prior to retirement, or 42 percent higher than the average.

In 2001, the Legislature adopted ESB 5143, which both created WSPRS Plan 2 and made the following changes to members of WSPRS Plan 1: (1) increased the annual cost-of-living adjustment (COLA) benefits of retirees and survivors from a 2 percent per year simple increase to a 3 percent per year compounded Consumer Price Index-based increase; (2) changed the employee contribution rate from a fixed 7 percent of pay to the greater of 2 percent or one-half of the total contribution rate required by the plan—with the state paying the other half; and (3) excluded voluntary overtime or overtime worked for the Department of Transportation from the definition of salary.

Wage-related matters, including the distribution of overtime hours, are determined for WSPRS members in collective bargaining. The current collective bargaining agreement contains provisions detailing the distribution of voluntary overtime.

Among the changes made to Plan 2 was an increase in the period over which average final salary was calculated from the highest two consecutive years of service to the highest five consecutive years.

In 2007, the Legislature limited the WSPRS member contribution rate to the lesser of one-half the required rate or 7 percent, plus 50 percent of the contribution rate caused by any benefit improvements effective on or after July 1, 2007. Currently, the maximum WSPRS member contribution rate is 7.34 percent of pay.

WSP has defined voluntary overtime to include any overtime that the employee has volunteered for rather than overtime that was supervisor directed or case driven, such as court appearances. Voluntary overtime contracts have included but may not be limited to traffic control, wide-load escorts, special event security, team bus escorts, security at dams, McNeil Island and Hood Canal Navy Security. Mandatory, or pension reportable, overtime includes

mission critical activities such as overtime emphasis patrols and contracts with the Traffic Safety Commission.

Summary of Bill: Voluntary overtime or Department of Transportation project-related overtime earned after July 1, 2017, is restored to the definition of salary in the Washington State Patrol Retirement System Plan 1, and is added to the Washington State Patrol Retirement System Plan 2.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Ways & Means): PRO: This bill treats WSP officers like other law enforcement officers by allowing voluntary overtime to be included in their pensions. This was changed in 2002 as the result of a handful of bad actors. A number of safe guards have been put in to effect since then, including monthly audits and supervisor review. This will help WSP with recruitment and retention. WSP officers are recruited by local agencies that allow voluntary overtime is counted towards retirement.

Persons Testifying (Ways & Means): PRO: Senator Steve Conway, Prime Sponsor; Davor Gjurasic, WSP Troopers Assoc.; Jason Linn, WSP Lt. Assoc.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.

Staff Summary of Public Testimony (Transportation): PRO: The transportation budget asked the Select Committee on Pension Policy to look at this issue. This issue rose to the top of the others and has been around the pension committee for a while. In 2002, when this got changed, it was taken away from the state patrol but not firefighters and other law enforcement. The state patrol thinks this is a good idea. This bill passed out of Ways and Means unanimously. The removal of voluntary overtime in 2001 was taken away because of a few bad actors. The State Patrol Trooper Association sees this as an equity issue with other state agencies. There has been a marked improvement in recruitment and retention since legislation was passed last year. Voluntary overtime includes security at special events and moving wide loads. There are audits that make sure this is not abused and there is an overtime manager. This will help recruitment and retention.

Persons Testifying (Transportation): PRO: Senator Steve Conway, Prime Sponsor; Davor Gjurasic, Washington State Patrol Troopers Assn.; Lt. Jason Linn, WA State Patrol Lieutenants & Captains Assn.

Persons Signed In To Testify But Not Testifying (Transportation): No one.

EFFECT OF HOUSE AMENDMENT(S):

- Limits the amount of voluntary overtime that is included in average final salary for the calculation of pension benefits to 70 hours per year.
- Increases the maximum member contribution rate by 1.10 percent.